

**RESOLUTION OF THE BOARD OF TRUSTEES OF  
SPECTRUM ACADEMY**

**REIMBURSEMENT AND FINANCING RESOLUTION**

**JULY 14, 2015**

WHEREAS, the Board of Trustees (the "Board") of Spectrum Academy (the "School") has determined it is in the best interest of the School to enter into a Loan Agreement between the School and the Utah Charter School Finance Authority (the "Issuer") whereby the School will borrow the proceeds of the Issuer's Charter School Revenue Bonds, Series 2015 (the "Bonds") to (a) purchase the School's North Salt Lake elementary school facility, the North Salt Lake secondary school facility and the Pleasant Grove school facility that the School currently leases, (b) finance a portion of the cost of the expansion and improvements to be made to the Pleasant Grove campus (the "2015 Project"), (c) fund a debt service reserve fund and (iv) pay certain costs of issuance (collectively, the "Financing").

WHEREAS, the Board has determined that it is necessary that the School express its intention to reimburse certain qualified expenditures incurred by the School with respect to the 2015 Project; and

WHEREAS, no qualified expenditures of the 2015 Project to be reimbursed were paid more than 60 days prior to the date of this Resolution;

NOW THEREFORE Be It and It Is Hereby Resolved by the Board of Trustees of Spectrum Academy, as follows:

*Section 1.* In connection with the issuance of the Bonds and the Financing, the Board hereby approves the Loan Agreement in substantially the form presented to the Board at the meeting at which this Resolution was adopted. The Board authorizes the President of the Board or, in her absence any available member of the Board, to execute and deliver the Loan Agreement, the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, the Custodial Agreement, the Promissory Note, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Official Statement relating to the issuance of the Bonds and in the implementation of the Financing. Any capitalized terms used and not defined herein shall have the meaning attributed to such terms in the Loan Agreement.

*Section 2.* The School hereby declares its intention and reasonable expectation to use the proceeds of the Bonds (the "Reimbursement Bonds") of the Issuer to reimburse itself for expenditures for costs of the 2015 Project. The School intends that the Reimbursement Bonds are to be issued, and the reimbursements made, by the later of 18-months after the later of (a) the payment of the costs or (b) after the Project is placed in service, but in any event, no more than three years after the date the expenditure was paid. The School anticipates that the maximum principal amount of Bonds that will be issued to finance the 2015 Project (including the

Reimbursement Bonds) will not exceed \$3,000,000. The particular amount, maturities, fixed or variable interest rates, redemption terms and other terms and provisions of the Bonds will be determined by the Issuer.

*Section 3.* The form of the Official Statement relating to the Bonds presented to the Board at the meeting at which this Resolution was adopted is hereby approved and the distribution and use of the Official Statement is hereby approved, subject to further changes approved by the appropriate officers of the School. The preparation and use of an Official Statement in substantially the form presented hereto (with such changes as may be approved by the appropriate officers of the School) is hereby approved.

*Section 4.* The members of the Board, officers, and employees of the School are hereby authorized and directed to execute and deliver for and on behalf of the School any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Resolution, including the Financing and the issuance of the Bonds.

*Section 5.* All actions of the members of the Board, officers, and employees of the School that are in conformity with the purposes and intent of this Resolution, whether taken before or after the adoption hereof, are hereby ratified, confirmed and approved.


*Section 6.* If any provisions of this Resolution should be held invalid, the invalidity of such provision shall not affect the validity of any of the other provisions of this Resolution.

*Section 7.* All resolutions of the School or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency.

*Section 8.* This Resolution shall be effective immediately upon its adoption.

ADOPTED AND APPROVED July 14, 2015.

BOARD OF TRUSTEES OF SPECTRUM ACADEMY

By   
President

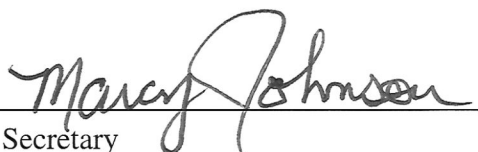
By   
Secretary

Financing and Reimbursement Resolution

The following members of the Board, constituting a quorum, were present at the meeting of the Board, or have designated a member of the Board to hold and vote their proxy, held on July 14, 2015:

President	Marney DeVroom
Vice President	Dennis Bullard
Treasurer	Jason Steenblik
Secretary	Marcy Johnson
Board Member	Jana Gold
Board Member	Rozanne Marsh
Board Member	Blake Schmutz

The foregoing Resolution was duly adopted at the meeting by the affirmative vote of seven (7) Trustees, and opposed by no (0) Trustees, has been duly recorded in the official book of minutes of the proceedings of the Board and is in full force and effect.

By   
Secretary

## **SPECTRUM ACADEMY BOARD MEMBER AND ADMINISTRATION SUCCESSION**

### Purpose:

To create an orderly, common procedure for replacing Spectrum Academy (the “Academy”) Board members and administration in order to ensure continuity in governance and in operation at the school in the event of the departure of a Board member or key management personnel.

### Definitions

### Policy

Board members wanting to resign their position will do so in a way that provides adequate time for training of new individuals and the continuing governance of the school.

In order to maintain Board continuity, members will ensure that Board members’ terms are staggered, and the Board will continue to safeguard that a majority of Board members’ term not expire in any one year. It is the intent of the Board to maintain that number of board members set forth in the Bylaws.

### Board Succession Procedure

1. Board members desiring to resign their position shall notify the Board in writing of their intention. Resignation letter should include the following:
  - a. a resignation effective date.
  - b. a recommended timeline preceding resignation for training new Board member.
2. Board will create timeline for prompt replacement.
3. Board shall appoint Board member(s), the Financial/Development Director, Academic Director or a combination to direct the search for new Board member.
4. When conducting a search for new Board members, the search committee will seek applications from the school community and the broader community, and attempt to identify individuals with desirable experience and expertise to serve on the Board. Applicants will be brought to the Board to determine the finalists.
5. Board will interview finalists.
6. Interviews of prospective Board members will seek to determine whether individuals understand the mission of the Charter, are invested in that mission, have experience and expertise that will benefit the Board and the Academy, and whether applicants understand and are willing to act in accordance with the Board’s governance role.
7. New Board member will be chosen by a majority vote of the remaining Board members.
8. Newly elected Board member will commit to training period and are encouraged to attend Board meetings, but will not be voting member until after the resignation effective date of the member being replaced by the newly elected Board member.
9. The Board member replacement process will remain consistent with the Academy charter.

## **Administrative Succession Plan**

### ***Planned Departure of Key Management***

The Board asks that the Academic Director and Financial/Development Director give the Board at least four months' notice of their intent to leave the Academy. Upon receiving notice of the intent leave the Academy, the Board will appoint a search committee that includes members of the Board to coordinate the search for a successor. The search committee will report on progress of the search at Board meetings held during the search process.

The Board will take steps in order to ensure that the replacement individual is able to effectively lead the Academy and accomplish the mission and the goals established by the Board. When the search committee is organized, the Board will have a discussion in order to:

- Ensure that the Board is unified in its understanding of
  - the Academy's mission
  - the Academy's strategic direction
  - the roles and responsibilities of the position for which the search is being conducted
  - the key competencies of an effective candidate for the position

### ***Unplanned Departure of either the Academic Director or Financial/Development Director***

If the departure of the Academic Director or Financial/Development Director is unplanned or occurs in advance of the completion of the search process, the Board will appoint an individual to act in the capacity temporarily. The Board may also decide that it is in the Academy's best interest to identify individuals outside the search committee to provide additional short-term administrative assistance to the search committee during the search process or to act in the place of a search committee.

### ***Capacity Building of Administrative Team***

The Board realizes its responsibility to adopt the vision and goals of the Academy. The Academic Director is expected to oversee the development of curriculum and delivery of services that aligns with the mission and vision of the school. When an entire educational team understand the mission, and clearly understand their role, it will help strengthen the school and facilitate an orderly transition in the event of the departure of the Academic Director.

### ***Board Oversight During Search Process***

During the search process, at the regular monthly Board meetings, the acting senior administration shall provide reports regarding the progress of the Academy and its programs, the performance of the organization, the financial condition of the school, and personnel issues in order to ensure adequate oversight on the part of the Board during the transition period.

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When a short of list of interviewees is identified, the Board will establish a process for assisting in evaluating candidates. The Board will interview the candidates recommended by the search committee and either approve the selection made by the search committee or make the final selection.

The succession plan will be considered and updated regularly.

Adopted July 14, 2015

## SPECTRUM ACADEMY

### CONTINUING DISCLOSURE PROCEDURES

1. Purpose. These Disclosure Procedures are designed to (a) ensure the completeness and accuracy of the federal securities disclosure made by Spectrum Academy (the "School") and the School's Governing Board of Trustees (the "Board") (including the Board's officers, and School's staff in the exercise of their official duties) compliance with all applicable federal and state securities laws in connection with issuance and disclosure undertakings relating to outstanding bonds issued on its behalf and annual financial information filings, and (b) promote best practices regarding disclosures disseminated to investors and the municipal securities markets by the School.

2. Disclosure. The controls and procedures set forth herein shall apply to all Disclosure disseminated or communicated by the School. "Disclosure" includes any information or communications reasonably likely to reach investors or the securities markets, such as preliminary and final official statements relating to bonds issued for the benefit of the School, filings made by the School with the Municipal Securities Rulemaking Board or the national repositories (whether required by contract or made voluntarily), press releases which could reasonably be construed as intended for the financial markets, investor calls, rating agency presentations and other communications, and certain postings on the School's website.

3. Disclosure — Issuance of Bonds.

a. *Responsibilities of the Board Chair.* The School's Board Chair or his or her designee (the "Oversight Officer") shall be responsible for overseeing the compilation of both the preliminary official statement ("POS") and the final Official Statement (individually referred to herein as an "Official Statement" and collectively, the "Official Statements") to be used in connection with the offering and issuance of the associated bonds issued for the School's benefit (the "Bonds") and annual financial information filings and for review of other disclosure obligations of the School undertaken in connection with such bond issuance. In the carrying out of these responsibilities, the Oversight Officer shall coordinate with, and be provided with assistance from, among other professionals, Disclosure Counsel, the School's Counsel and the financial advisor to the School. This oversight responsibility shall include the following:

- Develop a separate checklist or similar outline for the School's Official Statements for each bond issuance benefitting the School. Each of these checklists shall list the categories of information in the applicable Official Statement and identify the person or persons (whether internal to the School or a third-party consultant to the School) who should be responsible for reviewing or contributing the information in each portion of such applicable Official Statement (a "Contributor").

- Ensure that each Contributor receives a copy of each draft of the applicable Official Statement and the checklist indicating his or her responsibilities with sufficient time to permit such Contributor to perform a thoughtful and thorough review or preparation of information for the applicable portion of the Official Statement. Gather such applicable information and comments from each Contributor.
- Provide information and comments submitted by Contributors to Disclosure Counsel and coordinate with Disclosure Counsel to develop a draft POS for the Bond issue.
- Distribute applicable sections of such applicable Official Statement or annual financial information filing as revised to the respective Contributors for further review and comment. Document confirmation by each Contributor that the information provided by such Contributor has been properly incorporated in such applicable Official Statement draft and is accurate and complete as so incorporated. Contributor confirmation may be provided by means of indications on checklist.
- Schedule and conduct periodic internal and external meetings of Contributors, either in groups or individually, and Disclosure Counsel for the purpose of discussing the School's financial status generally and its annual audited financial statements, its related programs, the related industries, and other issues affecting the School and the Bonds that may be material to investors.
- Review all continuing disclosure obligations in connection with the Bonds.

b. *Responsibilities of Contributors.* All Contributors to the School's Official Statements shall be responsible for the following:

- Delivery and review of comments and information as requested (by means of a checklist or otherwise) for purposes of inclusion in the applicable Official Statement.
- Review of applicable portions of the revised applicable Official Statement and provide confirmation (which may be provided by means of indications on a checklist) that the information provided by such Contributor has been incorporated correctly and, as so incorporated, such portions of the applicable Official Statement present accurate and complete information to investors about the items so covered by such portions.
- Attend periodic meetings (as applicable) to discuss broad issues concerning the School and its Official Statements.

- In the case of third party or expert Contributors, provide certifications and opinions relating to their contributions to Official Statements as appropriate.

c. *Responsibilities of Disclosure Counsel.* Disclosure Counsel shall have the following responsibilities with respect to Disclosure by the School:

- Provide an initial draft POS to the School's Board Chair for distribution to Contributors and, at the request of the School's Board Chair, distribute drafts or sections to Contributors and draft timelines for review by the School's Board Chair.
- Confirm that all steps required by the Disclosure Procedures have been followed in connection with preparation of a particular Official Statement. No Official Statement relating to the Bonds shall be submitted to the Board Chair for approval or to the School's Board Chair for certification until and unless Disclosure Counsel has completed this confirmation.
- Provide School packages to participants for review and confirm with participants that no issues have been raised regarding the draft Official Statement based on such review.
- Perform annual review and evaluation of the Disclosure Procedures and confirm to the School whether changes to such Disclosure Procedures are recommended.
- Review and approve any continuing disclosure obligations or statements in connection with any Bond issuance.
- Cause an opinion to be provided regarding the necessity of filing a material event notice, where such an opinion is requested.

#### 4. Disclosure in Connection with Outstanding Bonds.

a. *Continuing Disclosure Obligations.* The Oversight Officer shall be responsible for overseeing compliance by the School with its continuing disclosure obligations, including but not limited to the compilation and filing of all annual financial reports and filing of all annual financial statements of the School on EMMA, as applicable. The Oversight Officer shall also consult with its dissemination agent appointed in connection with the applicable Bond issue (the "Dissemination Agent"), Disclosure Counsel and the School's Counsel to determine the materiality of any events and whether an event notice is required to be filed under the circumstances. If a determination is made that an event is material and a notice is required, the Oversight Officer shall work with the Dissemination Agent and Disclosure Counsel to prepare a draft of such notice in a timely manner and shall provide such draft

notice to the School's Counsel for review and comment. The Dissemination Agent shall be directed to file such notice in the required repositories once the notice has been approved by the School's Board Chair and the School's Counsel. Generally, the process for the preparation of the annual financial information filing shall follow the guidelines set forth for disclosure made in connection with the issuance of bonds as set forth in Section 3 of these procedures.

b. *Voluntary Filings.* The Oversight Officer, in consultation with Disclosure Counsel and the School's Counsel, shall evaluate whether an event is appropriate for disclosure by the School on a voluntary basis, based on investor demand or otherwise. Upon a determination that a voluntary notice should be filed, the Oversight Officer shall work with the Dissemination Agent, Disclosure Counsel and the School's Counsel to prepare a draft of such notice. The Dissemination Agent shall be directed to file such voluntary notice in the appropriate repositories once such notice has been approved by the School's Board Chair and the School's Counsel.

c. *Press Releases.* Press releases for the School are prepared by the School's Board Chair. The School's Board Chair shall consult with Disclosure Counsel prior to approving such press release.

d. *Investor Communications.* The Oversight Officer shall be responsible for overseeing the responses to all telephone, email and other inquiries from existing and potential investors in the Bonds. All School staff shall transfer such inquiries to the Oversight Officer (or delegated staff under his/her supervision). Investors shall be directed to information provided on the School's website or shall be given a written response to any inquiry whenever practicable.

e. *Rating Agency Communications.* All information provided by the School or for the School at its direction to any rating agency providing a rating for the Bonds shall be reviewed for accuracy and completeness and approved by the Oversight Officer.

5. *Training.* The Oversight Officer, in consultation with Disclosure Counsel or the School's Counsel, shall be responsible for coordinating regular training sessions for School staff and Board members about their obligations under the Federal securities laws and regulations and other Federal and state laws affecting the issuance of Bonds. Training shall be provided for general background and overview purposes and, as applicable, to update School staff and Board members concerning recent changes in applicable laws or regulations.

## *Spectrum Academy*

### **Financial, Debt, Risk Management and Disclosure Procedures Plan**

In general, the Board and Administration of Spectrum Academy (or “Academy”) shall manage the financial affairs of Academy based on the following Administrations: (1) comply with all applicable laws or bond covenants, (2) provide the best educational services to the students of Academy consistent with Academy’s charter, and (3) get the most effective and cost efficient services possible in all areas at Academy.

#### Financial

##### ***General Financial Management***

The Spectrum Academy Board understands that the school is a steward over the financial resources and assets entrusted to them by the state of Utah. The Board recognizes the need to abide by all applicable laws and regulations, including 53A-1a-508, including the following acknowledgements: (i) fiscal procedures will be consistent with generally accepted financial management standards; and (ii) neither the chartering entity nor the state, including an agency of the state, is liable for the debts or financial obligations of Spectrum Academy or persons or entities who operate Spectrum Academy, unless agreed to in writing with Spectrum Academy.

Spectrum Academy adheres to Generally Accepted Accounting Principles as constituted by the Financial Accounting Standards Board. Spectrum Academy also ensures that all applicable areas of the Utah Money Management Act are followed. Cash collected at Spectrum Academy is reconciled daily in the presence of two authorized individuals, sealed in tamperproof envelopes, and deposited daily, whenever practicable, but not later than three days or as otherwise required by applicable rules governing Spectrum Academy cash management.

In accordance with state law, Spectrum Academy, prior to June 30th of the each fiscal year, prepares an annual operating budget for the next fiscal year. The budget is designed so that Spectrum Academy priorities, as established by the Board, are met. All budgets and budget amendments are Board approved, being voted upon in a public meeting in accordance with the Utah Open and Public Meetings Act. Subject to appropriation limits with object codes and other

restrictions, Spectrum Academy reserves the right to reallocate funds from one line item in the budget to another as prescribed by the Board if purchasing practices or conservation result in an expenditure different from the budgeted amount. The Board may choose to add undistributed reserves from Spectrum Academy operational budget to the following year and/or may reallocate them to the current fiscal year's budget, at its discretion. The budget and cash flow projections utilized by Spectrum Academy provide sufficient detail to enable reasonably accurate projections of revenues and expenses, separation of capital and operational items, cash flow, and subsequent audit trail documentation.

In addition, Spectrum Academy understands and complies with all applicable fiscal rules/regulations, including completion and submission of an annual financial audit of the current fiscal year conducted by an independent certified public accounting firm by November 30th of the following fiscal year, submission of October and December student counts in accordance to state mandated deadlines, Utah Money Management reports, wages and benefits negotiation reports, Utah Transparency Act reports and updates, October 1st AFR and APR submissions, and any other regular enrollment and financial reports as required by the State Office of Education.

Purchases are authorized and carried out in accordance with the Utah Procurement Code.

Spectrum Academy utilizes a fixed asset inventory system that, in accordance with federal guidelines, tracks all of Spectrum Academy fixed assets. This inventory system is implemented in accordance with Spectrum Academy Capitalization & Expense Policy. Spectrum Academy has adopted procedures for the disposal of fixed assets to ensure proper reconciliation of inventory records at the end of the fiscal year. Regular inventory counts are performed, and the Board holds the administration, teachers, and custodial/maintenance staff responsible to inventory items assigned to their classroom, office, or role at Spectrum Academy.

All fiscal policies and procedures comply with Spectrum Academy conflict of interest policy.

Spectrum Academy assigns a representative to attend school finance and statistics training and all required finance training. Spectrum Academy will continue to take

the measures necessary so that its representative(s) attend future trainings as announced or provided to ensure accounting and management of Spectrum Academy resources are in compliance with any revisions to rules and laws governing Spectrum Academy.

### ***Minimum Reserve and Coverage Levels***

Spectrum Academy will maintain minimum reserve and coverage levels that the Board determines are consistent with long-term financial health. The financial director, administration and accounting staff will regularly monitor the status of reserve and coverage ratios and report that information to the Board.

Spectrum Academy will ensure that it satisfies minimum reserve and coverage levels as required by law or applicable bond covenants.

Spectrum Academy will take reserve and coverage levels into consideration when making budgeting, financial planning, and other financial decisions, including decisions regarding major purchases.

### ***Financial Forecasting and Budgeting***

Throughout the fiscal year, the financial director, administration and accounting staff will meet regularly to discuss the budget, Spectrum Academy financial status, and any changes. The Board will be fully engaged in the budgetary process and informed of such issues on a regular, monthly basis.

The financial director, administrator and accounting staff will meet to prepare a tentative budget. Spectrum Academy's budgeting philosophy will be to conservatively project both revenues and expenses while achieving the level of accuracy required by state standards. The tentative budget will be circulated to the Board for further review and discussion. The tentative budget will be scheduled for discussion on a Board meeting agenda, further discussed, and adopted at the annual Board meeting.

As the October 1 count is finalized, and as Spectrum Academy receives new revenues, the Board will be updated on new figures. In order to account for these changes, the Board will approve revisions and amendments to the budget over the course of the fiscal year, as needed and appropriate.

## Debt

Spectrum Academy will seek to avoid debt to the extent possible. Spectrum Academy's plan is to only assume debt as absolutely necessary or when the benefits of a purchase will, in the judgment of Spectrum Academy's Board, benefit Spectrum Academy's students for the life of such debt. The Board recognizes that the ability to take on debt will be governed by the covenants of existing indebtedness and pending indebtedness. Spectrum Academy's accounting staff, administration and financial director will be informed of the requirements affecting Spectrum Academy ability to incur debt. Any debt assumed by Spectrum Academy will therefore comply with applicable laws and any existing bond covenants.

As may be economical or in its best interests, Spectrum Academy will seek refunding opportunities to either lower its debt profile, meet bond covenants or other advantageous benefits realized through a restructure of its debt.

## Risk Management

As a nonprofit corporation and public school, Spectrum Academy shall actively seek to avoid unnecessary risks to the greatest extent possible. Spectrum Academy shall always maintain insurance at the highest amount that is either (a) required by law, (b) required by existing bond covenants, (c) is reasonable and customary for a Utah Charter School, or (d) is considered prudent by Spectrum Academy's Board after consulting with qualified professionals. In the event any material risk is identified by Spectrum Academy's Board or administration that is not covered by existing insurance, a qualified professional shall promptly be engaged to evaluate such risk and recommend the appropriate action.

The Board will work with qualified professionals to recognize and avoid risks associated with its governance of Spectrum Academy. In particular, the Board will be cognizant of financial risks that are addressed by the provisions above, compliance with applicable laws, including but not limited to the Utah Open and Public Meetings Act and the Government Records Access and Management Act. The Board will periodically review the policies that it has adopted to ensure that it has all necessary policies in place and that the policies that have been adopted comply with current law, adequately address issues at which they are aimed, and

cover all areas requiring board guidance. The Board may periodically request that the Administration provide evidence that Board Policies are being complied with. In the event the board learns that policies are not being complied with, it will request the Administration to create a plan to remedy any deficiencies and establish procedures to ensure that the policies are complied with in the future.

The Administration is also directed to work with qualified professionals, including the loss control representatives of Spectrum Academy insurer, to recognize, manage and avoid risks associated with the operation of Spectrum Academy. In particular, the Administration will be cognizant of risks associated with human resources activities, student safety and security, facility matters, and state and federal legal compliance, including civil rights issues. The Administration will establish administrative procedures in order to address key issues pertaining to Spectrum Academy operations and will ensure that all Spectrum Academy employees and, to the extent necessary, students and parents, are aware of such procedures. The Administration will periodically review and revise administrative procedures in order to ensure that they adequately address the pertinent issues and are consistent with Spectrum Academy situation and needs.

#### Disclosure and Post Issuance Compliance

Spectrum Academy will first issue tax exempt debt in 2015, and is committed to fully complying with all disclosure and post issuance requirements on their debt from the date of issuance.

Throughout the fiscal year, the financial director, administration and accounting staff will meet regularly to discuss how best to comply with all debt obligations using the most effective, efficient and accurate methods available. The full Board will be updated at least once a year on the compliance with such requirements.

In the event of a material violation of any post issuance requirement, or allegation by any source of a material violation, the Board of Spectrum Academy will be informed in writing by the financial director, administration or accounting staff, and the Board shall meet promptly to discuss how best to deal with the material violation or alleged material violation.